

**MINUTES OF SPECIAL MEETING OF  
THE REDEVELOPMENT COMMISSION OF GREENSBORO  
TUESDAY, DECEMBER 14, 2004**

**SPECIAL MEETING**

The Redevelopment Commission of Greensboro met in special meeting in the Planning Conference Room, 3rd Floor, Melvin Municipal Building, on Tuesday, December 14, 2004 at 5:05 p.m. Present were: Chair Bill Benjamin, Nettie Coad and Jerry Leimenstoll. Dan Curry, Barbara Harris, Dyan Arkin, and Tony Landis representing the Housing and Community Development Department (HCD). Jim Blackwood, Esq., was present as legal counsel for the Commission.

Chair Benjamin called the meeting to order, introduced himself, and welcomed everyone to the meeting. He asked that anyone wishing to speak come up to the microphone, identify themselves, and give their address.

**APPROVAL OF THE MINUTES OF NOVEMBER 16, 2004.**

Chair Benjamin moved approval of the November 16, 2004 minutes as written, seconded by Ms. Coad. The Commission voted 3-0 in favor of the motion. (Ayes: Benjamin, Coad, Leimenstoll. Nays: None.)

**OLE ASHEBORO NEIGHBORHOOD. UPDATE FROM STAFF.**

Mr. Curry said they have recently purchased 408 Martin Luther King, Jr. Drive which is a lot at the corner of Martin Luther King and Brooks Court right next door to the old fire station building. That vacant lot has now been added to the Redevelopment Commission landholdings in that block. They also are negotiating on 519 Arlington Street, a vacant lot adjacent to the Music Garden property. The Commission has made an offer and they are now waiting on a counteroffer from the owner. They also have had several discussions with Mr. Defreitas who owns 326 E. Lee (house) and 328 E. Lee (vacant lot). Those properties have been appraised and are in the review process. Once reviews are completed staff will sit down with the owner prior to scheduling this on your agenda. The owner is interested in retaining the property and renovating the house. The owner agreed to an appraisal so he would have some idea, if he did choose to sell, what he might be looking at in terms of an offer from the Commission.

As to the Musik Garten property on the corner of Lee and Arlington Streets, a Memorandum of Agreement was entered into between the Commission and the Heyges last January. That agreement provided a one-year time frame to negotiate an agreement between the Commission, the neighborhood and the City on the proposed park that the Heyges would like to donate to the City. There are conversations being held today and tomorrow with

various parties that have an interest in that proposal. A consultant hired by the Commission is meeting individually with the Heyges, a representative from the Piedmont Land Conservancy, Claudette Burroughs-White from City Council and has a number of other meetings scheduled today and is meeting this evening with the Ole Asheboro Planning and Advisory Committee. The consultant is doing this to collect what people are thinking and feeling about the proposal. Tomorrow she will meet with those who choose to participate in a design session to hear from the various parties. Staff will report back to the Commission at its next meeting the results of those discussions. Staff is not participating on the one-on-one discussions, but will have a representative at the work session tomorrow. Any member of the Commission who would like to go to the session tomorrow may do so. It will be at 4 o'clock in the third floor conference room of the old Greensboro Gateway Center at the 620 South Elm Street.

Mr. Curry said staff was working on hiring a firm to prepare the Traditional Neighborhood Development Plan (TND), which is the regulatory ordinance document that will be adopted by City Council that will change the zoning in the area designated as MLK North in the redevelopment plan. They received two proposals from consultant firms to prepare that plan and are currently negotiating with one of those firms. Hopefully that agreement will be in place and the plan prepared in early 2005 so that we can get it through the public approval process, get the zoning work done, and move forward with offering that land for development.

Counsel Blackwood arrived at 5:13 p.m. and participated in the remainder of the meeting.

Mr. Leimenstoll asked if what the planners would do was develop the micro plan in more detail than the general plan. He said once that was approved, then the Commission could put out an RFP for developers. Mr. Curry said that was correct.

Mr. Curry said the TND plan gets into a lot of details about uses, dimensional requirements and it basically rewrites the Greensboro Development Code putting in a specific set of design standards for the four blocks of the TND area, which stops at Church's Chicken.

Ms. Coad asked if there was a way that it could go on down to be more inclusive of some properties that would certainly add to this whole project.

Mr. Curry said that might be something that staff could look at extending. The way the zoning and development works under the TND is that you have to own the land to be able to apply the development standards in that manner. Should the Commission purchase landholdings further down, you could always extend that TND zoning to cover that area through an amendment to the TND zone. However, they are limiting it to the blocks where the Commission owns the property.

Mr. Curry said he wanted to mention some work that Ms. Harris is doing. He pointed out all the property shown in green on the map. He said Ms. Harris was trying to get her hands

around all this land, make sure we have it all surveyed and make sure we have legal descriptions. A lot of it is owned by the City and not the Commission. She will be getting legal descriptions of the parcels that are City-owned and that will probably be on the City Council agenda at the second meeting in January with a request for this land to be deeded over to the Commission. Then when you do an RFP, the Commission will actually own all the land for which you are seeking proposals. He said the City bought most of this when Bragg Boulevard was on the books.

In response to a question from Mr. Leimenstoll, Ms. Harris said the portions designated by a star were slated for single-family development.

As to the role of the neighborhood in all of this, staff continues to meet with the Planning Advisory Committee. When work begins on the specifics of TND plan staff would make sure that the Committee has a role in reviewing that they will also be involved in the developer selection process.

In response to a question from Chair Benjamin, Mr. Curry said the Committee has some specific recommendations on the marketing of the single-family lots. They want them to be marketed to individual builders; they want the builders to perform before they get multiple lots; so there are some specific things for which they had asked in that process. The property will be available for purchase, either in single lots or, for example, if there are two lots together, they may be offered in a group of two or three. But a builder will not be able to come in and take 10 lots scattered throughout the neighborhood. That is not the direction in which they neighborhood wants to go. Ultimately that is the Commission's final decision.

Mr. Leimenstoll asked if the TND work going in the zoning plan would go into a more articulated breakdown of commercial, residential, etc., that has been proposed for that general area or will it go that far?

Mr. Curry said it would do some of that. The TND plan will describe the layout of buildings, the siting and dimensions of buildings. It is not as prescriptive about the use of those buildings so the use will be relatively flexible. There will be some requirements; for example, the frontage along Martin Luther King will probably have requirements that the ground floor be a retail or mixed or live/work type of unit. So there will be some of those types of requirements, but upper floors could be flexible. Some of the development on the backsides of the lots could also be flexible for office or residential. So they will try and follow the prescription that the Redevelopment Plan laid out, as far as the master plan.

Mr. Leimenstoll said so then the real articulation of that will be primarily by the developers interpreting the marketplace. Mr. Curry agreed that this was right.

Mr. Curry said there are definitely some financial needs in making this development work. When this proposal was brought forward about a year ago, they basically indicated that it was a \$2 million development project of which they funded \$500,000 this current year. So

there are still funding needs in terms of finishing up the acquisition work and the infrastructure development work on these parcels so there is still a ways to go to get that work done and there are funding commitments that still need to be made. He was not aware of any contamination issues, except potentially on the Music Garden site. At one point in time, there were some issues there. The owner has indicated that those issues have been taken care of, but he had not seen anything yet.

**PUBLIC HEARING ITEM. ROSEWOOD NEIGHBORHOOD - 1318 MAYFAIR STREET, 1322 MAYFAIR STREET AND 1319 MEADOWS STREET.**

Chair Benjamin opened the public hearing.

Ms. Harris said at the November 16, 2004 meeting the Commission voted to hold a public hearing in this matter for the purposes of offering three lots at 1318 and 1322 Mayfair Street and 1319 Meadow Street for sale to SHARE of North Carolina, a non-profit corporation, at the appraised value of \$30,000 for development of single-family owner-occupied homes, in accordance with plans and specifications to be approved by the Commission. This public hearing was advertised as required by statute. The Commission's attorney has drafted a Purchase Contract, which includes the requirements for development set by the Commission, including approval of the site plans and construction plans. The Commission designated Commissioner Leimenstoll, along with City staff, to approve those plans once they are presented. The contract requires commencement of development within 60 days of execution of the contract and will require completion of the project within 18 months. Representatives of SHARE of North Carolina are present.

Chair Benjamin said he thought the idea that SHARE would get these lots and continue what they have done is a great idea.

Bill Waller, Executive Director of SHARE of North Carolina, said they had actually built 10 houses in that area. One lot they purchased themselves and nine lots they bought from the Redevelopment Commission. They are very experienced at this and have built in several cities and their houses regularly win awards for excellence in construction as well as style. Obviously the three houses that they would build on these three lots will be comparable in style and size and price as the ones they built on Gatewood and Mayfair.

There being no other speakers, Chair Benjamin closed the public hearing.

Mr. Leimenstoll moved the Commission sell these three parcels (1318 Mayfair Street, 1322 Mayfair Street, 1319 Meadow Street) to SHARE of North Carolina for \$30,000, the appraised value, subject to Commission approval of site plans and construction plans with Mr. Leimenstoll designated to work with staff to approve plans, commencement of

improvements within 60 days after closing and completion of improvements within 18 months of closing, seconded by Ms. Coad. The Commission voted 3-0 in favor of the motion. (Ayes: Benjamin, Coad, Leimenstoll. Nays: None.)

**WILLOW OAKS NEIGHBORHOOD. DISPOSITION AGREEMENT FOR 2005 TAX CREDIT PROJECT.**

Ms. Arkin said in January of 2004, Crossland-Bradsher Developers submitted an application to the North Carolina Housing Finance Agency for tax credits for a 60-unit project in Willow Oaks. They were not awarded the credits and have indicated that they will submit the same project in January 2005. For the 2004 submittal, the Commission executed a preliminary disposition agreement with the Greensboro Housing Authority (GHA), which will expire December 31, 2004. The Commission is requested to authorize staff to execute a similar agreement with GHA for the 2005 award cycle. She passed out copies of the proposed agreement, which has some minor changes from the previous agreement. She also presented a summary of the minor changes.

Ms. Arkin said a preliminary application was due January 7, 2005. That would be reviewed and a final application is due in May 2005. The award is actually made in August or September 2005.

Ms. Arkin said after the preliminary application, staff would get some feedback and would know the probability of the project being approved for tax credits. If the award is not made, there is not a Plan B. This is not the only financing vehicle, but this is the one they are attempting to use.

Counsel Blackwood explained the minor differences between the new agreement and last year's agreement.

Mr. Curry said the City had a continuing interest in encouraging homeownership on this site before we get too far down the road with the rental development. Staff has been using language anywhere they could to encourage all parties to do their due diligence to get the homeownership work underway. This would be the added language about there being two model homes in progress and agreement reached regarding disposition of single-family lots.

Counsel Blackwood said in the Proposed Contract, this is paragraphs 5-H and I.

Mr. Curry said staff received feedback today from Mr. Holt and GHA suggesting that using that language in this disposition agreement might cause the developer some problems with their tax credit approval process. Staff does not want to see that happen. Staff desperately wants to see this project approved. With the Commission's approval, staff would like some flexibility to negotiate that language over the next few weeks as they work with GHA and the

developer to finalize their submittal package. If it looks like that language will cause problems for them when the State reviews their packet, staff would like the flexibility to be able to modify that language.

Counsel Blackwood said this was a multifamily project and the two paragraphs being discussed did not even deal with the subject property. That language was put in there because the Commission is still wanting to move forward on the overall plan and this is our agreement with GHA trying to move forward on the overall plan.

Larry Holt, HOPE VI Director for the GHA, said they would be providing part of the financing for this particular development. The Havens and Crossland were solicited through a request for qualification process about 18 months ago to provide this particular component of the Willow Oaks Community. It is the last rental component for the Willow Oaks Neighborhood in general. They are soliciting proposals for rental housing in other parts of the City, but this would complete that particular component. There would be 60 units, 30 of which would be affordable for extremely low and low-income families and 30 would be at market rate. Market rate would be at or below 50 percent of the area median income. The funding is primarily the equity derived from the award of low income tax credits from the Federal government, in accordance with Section 42 of the Internal Revenue Code, which is referenced in here and a part of this as are the State credits. The combination of the two credits would generate significant equity for the project, the GHA with a long-term loan at the applicable Federal rate will make up the difference between the total development costs and the equity generated by the sale of the tax credits. So Crosssland is working through the numbers now on the cost and talking with the equity syndicators as to what they anticipate the value of the credits would be in the fall of 2005.

Mr. Holt said the GHA intends to lease the property to the developer long term, ground lease for a couple of reasons, wanting to reduce the cost to the total development of the project with the ground lease as opposed to fee simple. The real agenda there is that the GHA would retain ownership of the ground because the IRS regulations and State regulations only require this property to be affordable for low income rental housing for specific periods of time. The IRS statute is 15 years and the State credit runs it on out to 20 or possibly 25 years. The GHA is loaning the money for 40 years and providing rental assistance in perpetuity as long as the Federal resources are available for that.

However, the GHA wants to ensure that after the 20 to 25 years not only would the land belong to the GHA, but the deferred principal and interest on the loan would probably be sufficient to have the property transferred to the GHA or an affiliated non-profit so that they could continue the affordable housing rental. There are a number of projects that are coming due and a number of the developers or owners here are generally in it for the tax credits. When the tax credits are gone, they want out of the deal. So they are looking to sell and there are a number of investors and buyers that are looking to acquire the property and then convert it to market rate housing. So that affordable housing rental stock could be lost

in the community. This is a piece of what they are doing to ensure that on down the road, at that point in time, we want the GHA to be in as strong a position as we can be to ensure the extension of the low income housing benefit.

It is mixed income housing and the rental assistance is available to ensure affordable rents for extremely low-income families, but also for higher income families as well. This is generally what they are trying to do in Willow Oaks to provide a mixed income neighborhood. Part of the problem they had since the mid 1970s was that they have been by mandate of the Federal government warehousing extremely low income people rather than providing affordable housing for a mixed income community, which was the success of most of the housing programs when they initially started in the 1950s. This is their effort to get back to that position. It will take a number of years, but that is a part of what they are doing.

The specific language in the agreement in Sections H and I tying the single-family production to this particular agreement, which will be a part of the documentation submitted with the preliminary application in January, at the very least will be confusing. Crossland has nothing to do with the single-family production and to condition the transfer of the property puts a cloud on the control that they are supposed to have and demonstrate in the preliminary application. So he shared Chair Benjamin's concerns that this concern was raised by the attorneys for Crossland and we certainly have run it by the Housing Finance Agency. However, the attorneys who have looked at it, and each one has their own opinion, there have been more attorneys saying that this could present a problem than have stated this would be no problem. This is an extremely competitive program and points are allocated by the Housing Finance Agency on the preliminary application. Then on the final application, those points are added to it. This particular project went through last year and unfortunately it missed, not by a whole lot, but it missed the points so that it missed the cut and was not funded. The qualified allocation plan at this point in time is final. It picks up or adds points that were lost last year because of the wording of the qualified allocation plan. These are prepared and approved on an annual basis. So they feel confident that they have a very strong project going through the year and they don't want to throw any obstacles that they can avoid in the way of its getting the maximum amount of points that it can received on a preliminary application and subsequently on the final application.

At the request of Ms. Coad, Mr. Holt again explained how the land was conveyed and controlled. If and when it is ever sold, conveyed or whatever, the proceeds would be shared proportionately with the Redevelopment Commission. They are now proposing to do a ground lease and they have a leasehold interest at \$1,500 per unit. That money would be paid at the transfer from the Redevelopment Commission to the GHA. They would probably at that time also execute the lease with the developer, who would in turn pay the \$1,500 per unit, which would in turn be paid to the Redevelopment Commission. The property was appraised at \$144,000 so that is the cap that could be paid for the real estate in accordance with the State Housing Finance Agency regulations. However, the leasehold interest cannot

exceed the fair market value so that is one of the conditions. The transfer as proposed here would be the transfer to the GHA in fee simple. The ground lease with the builder proceeds of the leasehold interest coming back at closing to the Redevelopment Commission.

In response to a question from Mr. Leimenstoll, Mr. Holt said actually there was no dollar figure at all last year and no transfer of cash on closing. So actually based on the numbers that they have right now, you would be receiving about \$78,000 at closing. The reason for that is that the City wants the money.

Mr. Curry said the City has from day one on this project had an expectation that there was going to be revenue from the disposition of the property and has actually had in our budget that revenue to complete the project. The negotiations last year ended up occurring very late, virtually days and hours before the submittal, and they weren't able to negotiate a price at that point in time to which all parties could agree. So they went forward with an agreement that basically counted on funds coming in down the road. However, their preferred alternative is to negotiate an up-front price that at least captures a portion of the appraised value of the property since we transfer these properties, which are fully improved properties, over to developers. In effect, you are being asked to agree to a price that is below the appraised value. The reasons are the objectives of the project, which are to achieve significantly upgraded design features and the affordability of these units.

Mr. Holt said the redevelopment projects with which he had been involved over the last 35 years take anywhere from seven to 12 years to recoup the investment by the City in terms of recouping the ad valorem taxes in terms of the increases over what was there. The fact that we have 30 acres that belongs to the GHA that was not generating any ad valorem taxes, other than a payment in lieu of taxes, is going back on the tax books in terms of rental housing owned by private owners and also the single-family properties that will be sold that will be generating ad valorem taxes. So the first year that this is on the books for taxes, you will begin recouping significantly what you have invested in that neighborhood. Prior to the approval of this project and the completion of these improvements, you have been receiving only a payment in lieu of taxes, which is just a small percentage of the tax valuation. It is a good investment for you and a good investment for the City.

Chair Benjamin asked if they wanted to discuss the other changes. With the addition of Sections H and I, while he thought there might be good reason for it, it does seem like this is trying to get some motivation to see some development take place on the single-family lots.

Counsel Blackwood said that was correct. He asked that the Commission approve it as drafted with staff and counsel's ability to negotiate with the GHA as to the language on those paragraphs.

Chair Benjamin said the Commission would go into Executive Session to discuss these Sections.



The Commission went into Executive Session at 6:07 p.m. and came out of the Executive Session at 6:40 p.m.

Chair Benjamin said the Commission was out of Executive Session. One of the big things the Commission talked about was the sale of the single-family lots and the Commission is looking at the sale of all their property and that was what the Commission focused its discussion on.

Mr. Leimenstoll moved that the Commission accept the agreement as presented to the Commission and that the Commission ask the staff of the Commission or its legal counsel, Nettie Coad representing the Commission, work with the GHA to review these items in paragraphs 5-H and I to try to iron out any differences and make whatever changes are needed and advisable by the group. Ms. Coad seconded the motion.

Chair Benjamin said it had been moved and seconded that the agreement presented tonight is approved, but they allow for an extension of the agreement to allow them to go forward and seek the tax credits. There will be a provision that staff, legal counsel and Commissioner Coad, as the Commission's representative will address any concerns expressed towards Items H and I of paragraph 5.

Mr. Holt said he would like to add that plans for the model units have been submitted to be reviewed by the City. As soon as building permits are issued, construction will commence. In terms of keeping this in for the submission of the preliminary application could present a problem if it is not done by the 7th of January.

Counsel Blackwood said that was why the resolution allowed it approved with the ability to finalize the language on our part without having them in here.

Chair Benjamin called for a vote on the motion on the floor. The Commission voted 3-0 in favor of the motion. (Ayes: Benjamin, Coad, Leimenstoll. Nays: None.)

Mr. Leimenstoll moved that the Commission should send a letter to the Board of the GHA, talking about this decision the Commission made and explain why they made the decision so that they are fully informed and Mr. Holt doesn't have to bear the responsibility of carrying that back on his own because they do want to continue to be partners, but they want a clear understanding of what the Commission is trying to do and make sure that you work hand-in-hand with your folks in doing it. Ms. Coad seconded the motion. The Commission voted 3-0 in favor of the motion. (Ayes: Benjamin, Coad, Leimenstoll. Nays: None.)

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There being no further business before the Commission, the meeting was adjourned at 6:45 p.m.

Respectfully submitted,

Dan Curry, Assistant Secretary  
Greensboro Redevelopment Commission

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